



EUROPEAN
COMMISSION

ENERGY PRIORITIES FOR EUROPE

Presentation of J.M. Barroso,
President of the European Commission, to the European Council of 4 February 2011

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Why energy policy matters

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- The EU pays 2.5% of its annual GDP to import energy:
 - € 270 bn for oil
 - € 40 bn for gas
- We can do better: a truly integrated EU energy market =
 - 0.6%-0.8% increase in GDP
 - 5 million more jobs by 2020
 - Each consumer to save € 100 a year by switching supplier/tariff

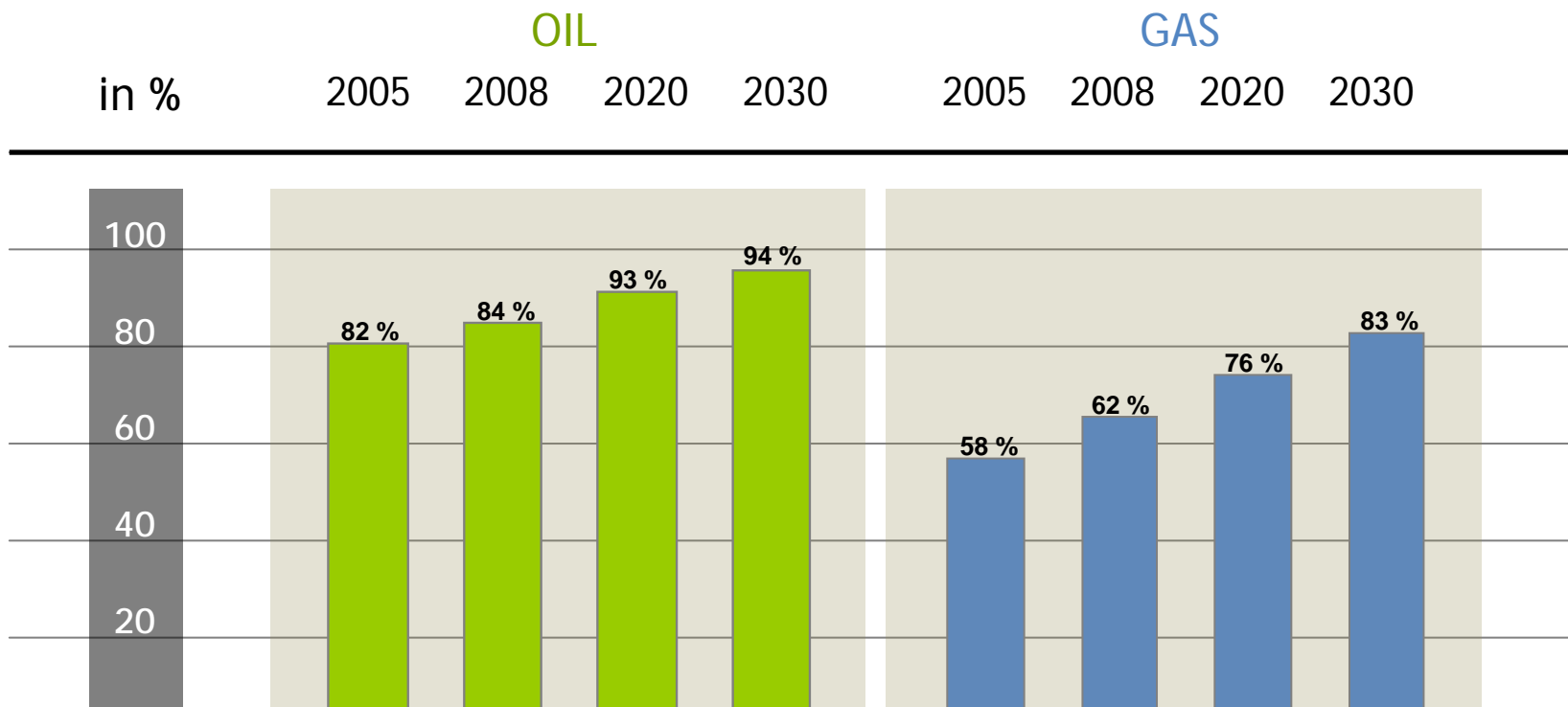
Why we need to act now

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- Energy represents 80% of EU GHG emissions
- Imports are carbon-intensive fossil fuels and increasingly expensive
- Several Member States rely on a single supplier for gas
- The EU as a whole will increasingly compete for energy sources
- Investment challenge around € 1 trillion by 2020
(mostly private sector)

Without action, dependence on energy imports will be a growing challenge

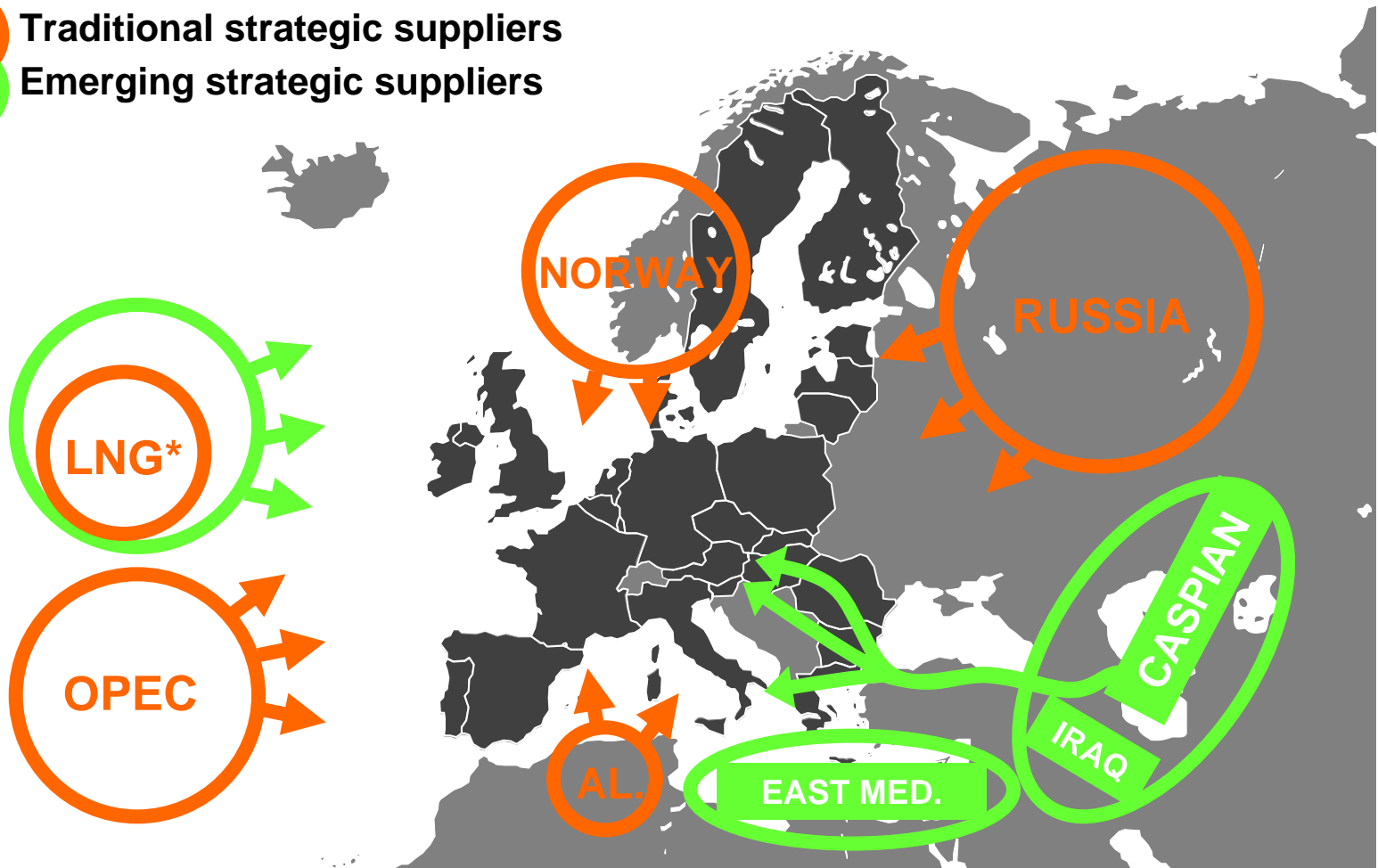
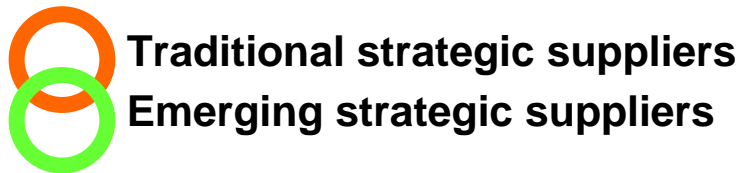
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« Business as usual » scenario based on 2009 figures

New suppliers?

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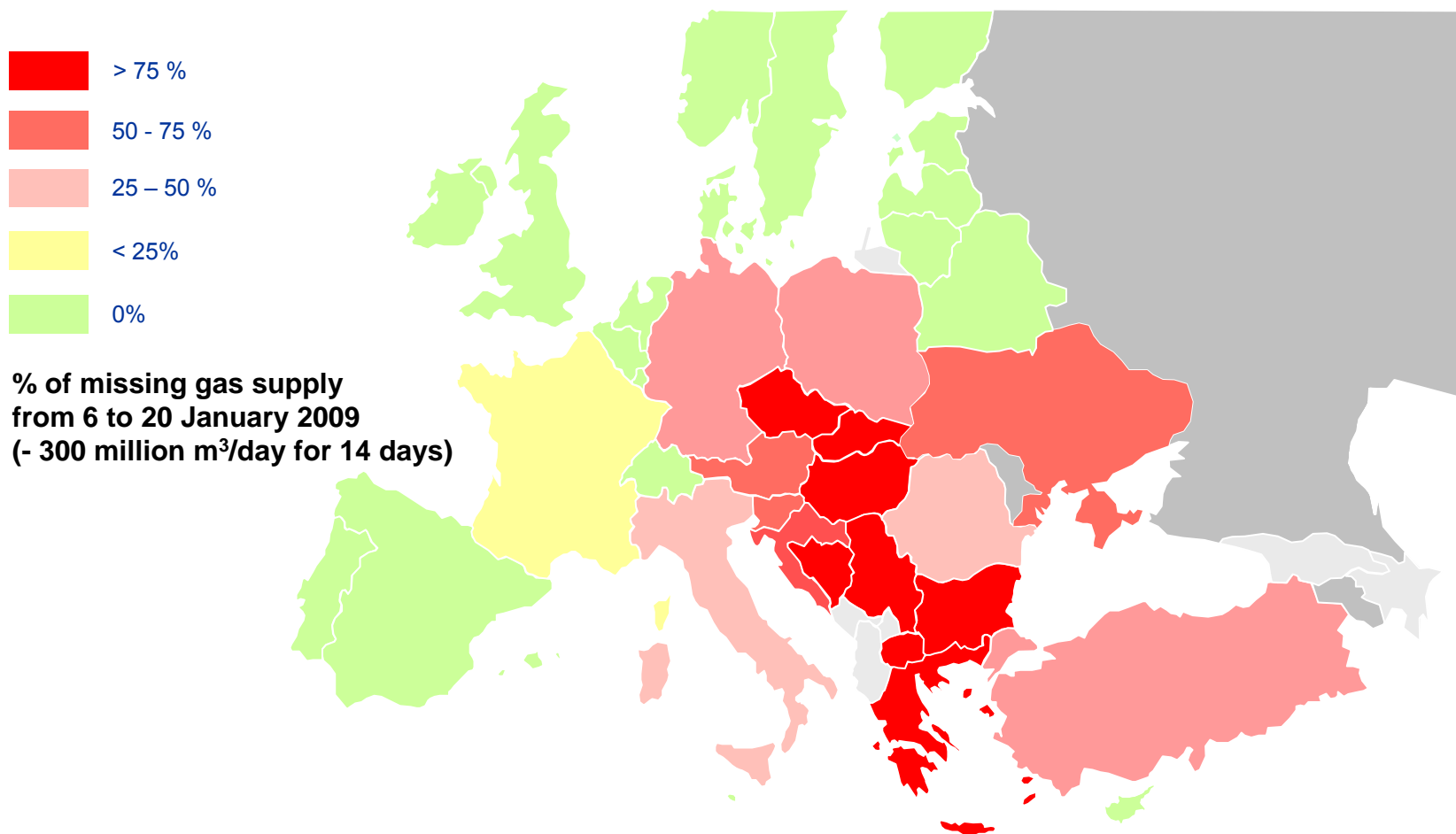


* LNG: Liquefied natural gas (Qatar, Algeria, Nigeria, etc.)

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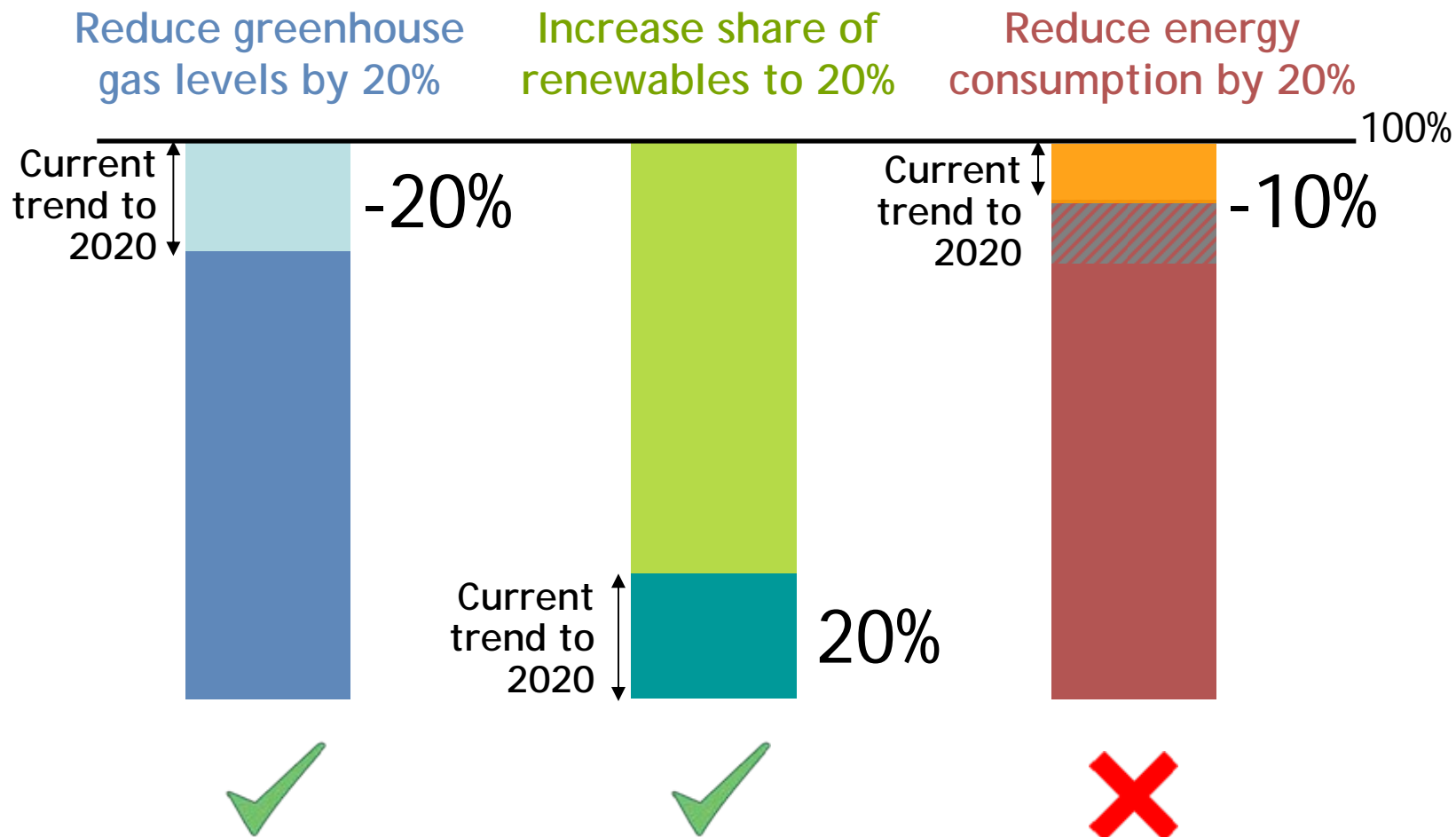
The January 2009 gas crisis is illustrative

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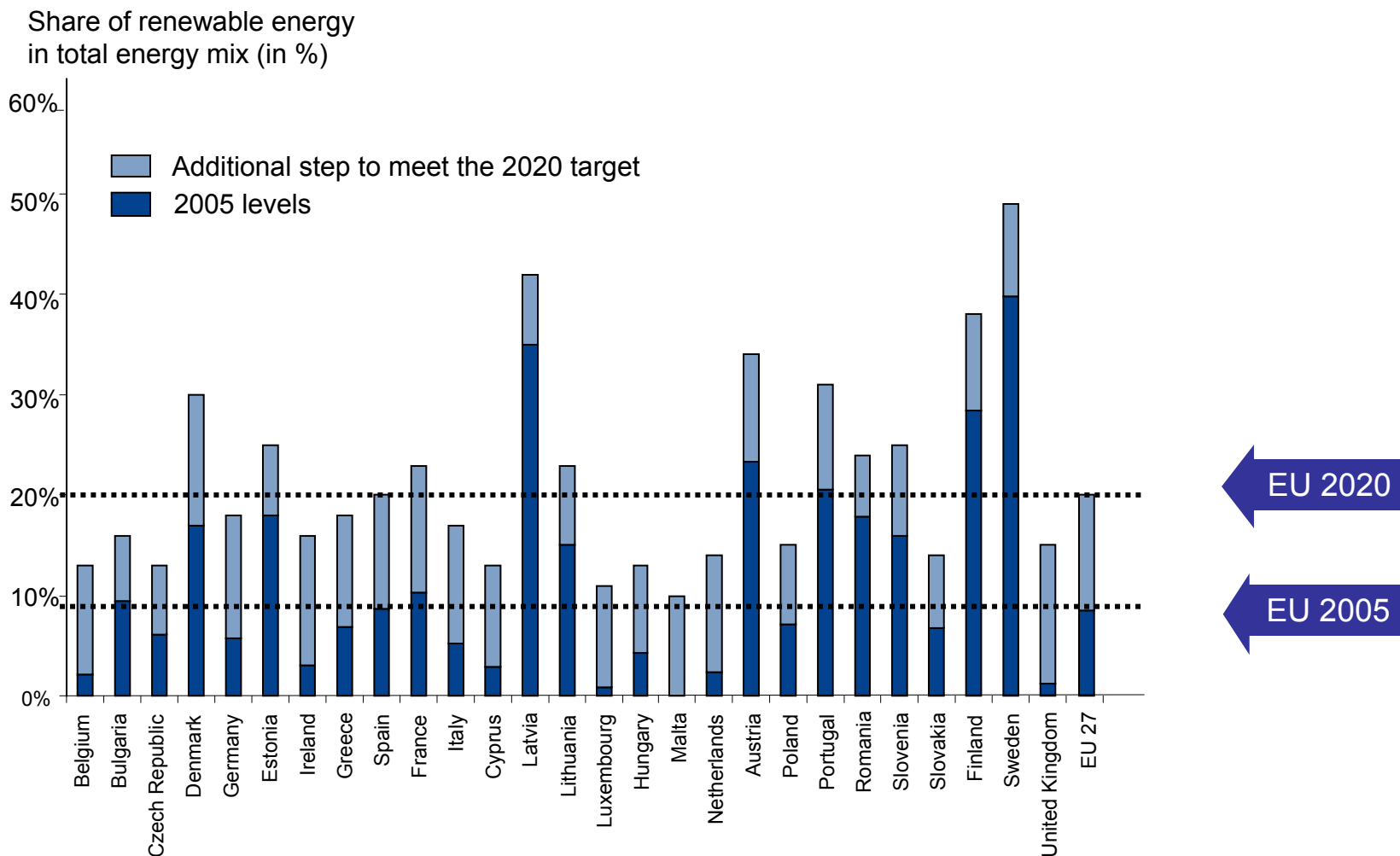
Meeting our “20-20-20 by 2020” goals

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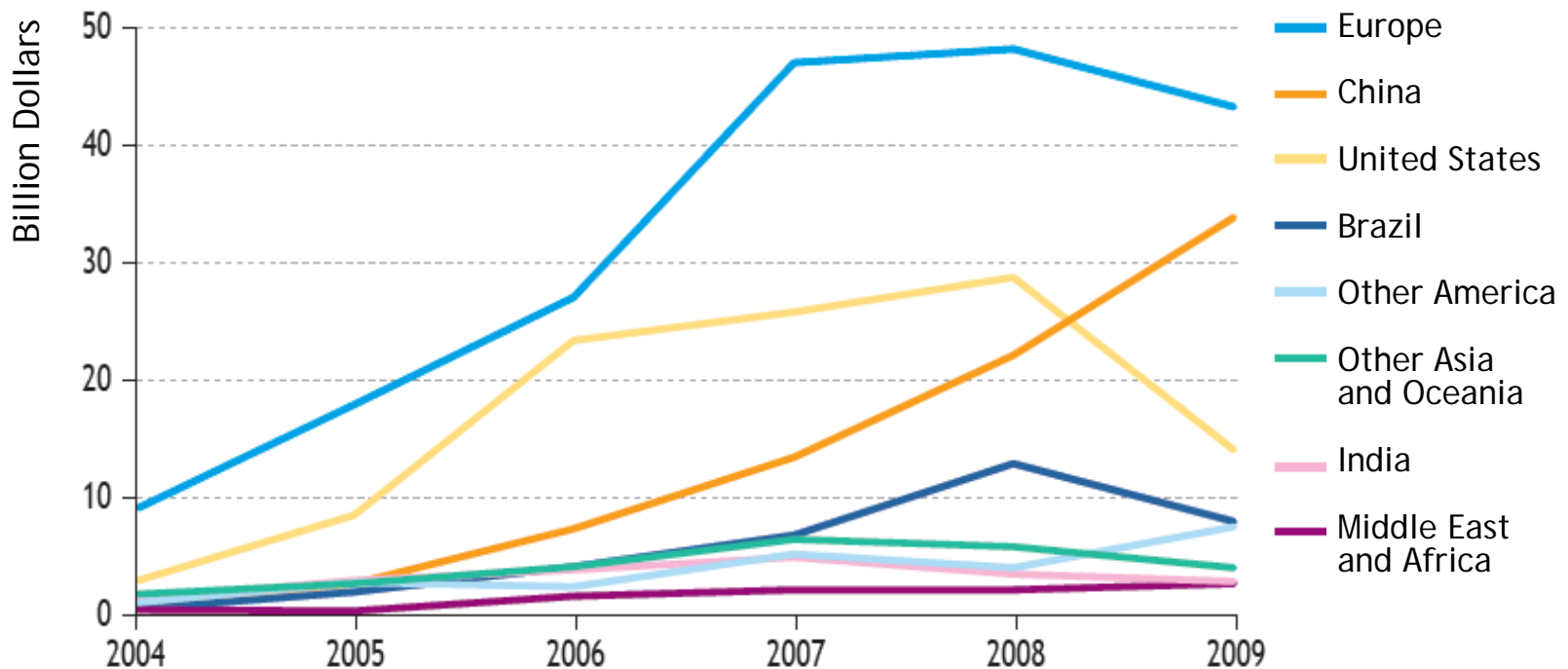
What the EU renewable target means

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Global investment in renewables is expanding

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Four commitments to provide competitive, sustainable and secure energy for Europe

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- Complete the internal energy market by 2014
- No Member State an energy island after 2015
- Boost energy efficiency
- Greater coordination of EU external energy policy

Commitment 1: Completing the internal energy market by 2014

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- Energy markets remain highly concentrated:
 - need to encourage new entrants and independent suppliers
 - need to encourage consumer switching
- Private actors need legal certainty to plan and invest
- EU needs:
 - open and competitive energy markets
 - integrated and smart infrastructure

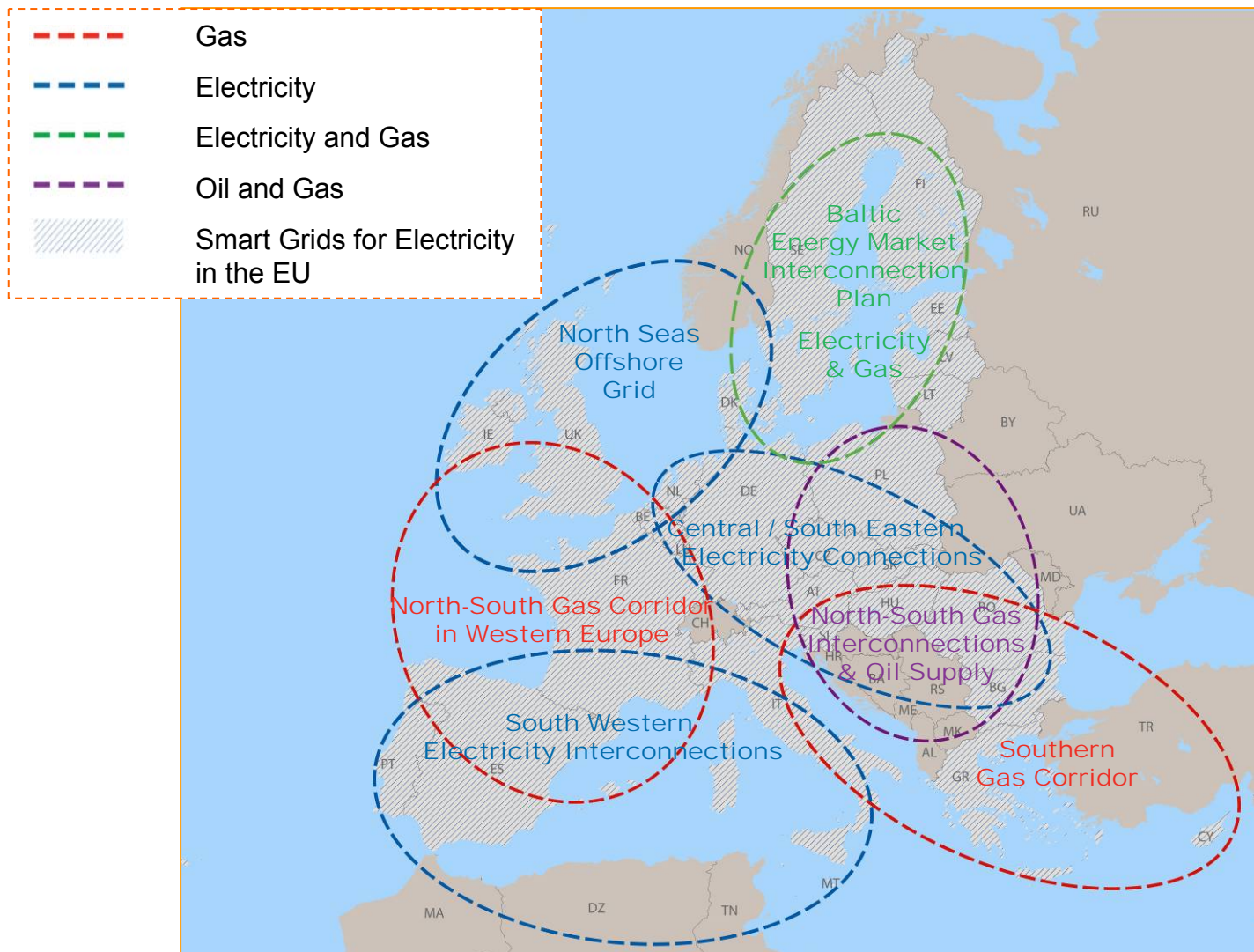
Commitment 2: End energy islands by 2015

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- Only 3% of EU electricity traded across borders
- Several regions still disconnected from the rest of the EU
- Key conditions for full interconnection:
 - certainty about future demand and technological needs
 - prospect of commercial returns
 - improved tariff regulations
 - reduction of lengthy authorisation processes
- EU intervention can help to:
 - set a long-term vision on priority corridors
 - ensure that permitting processes are simplified
 - channel financing to cross-border projects of European interest

Infrastructure priorities by 2020

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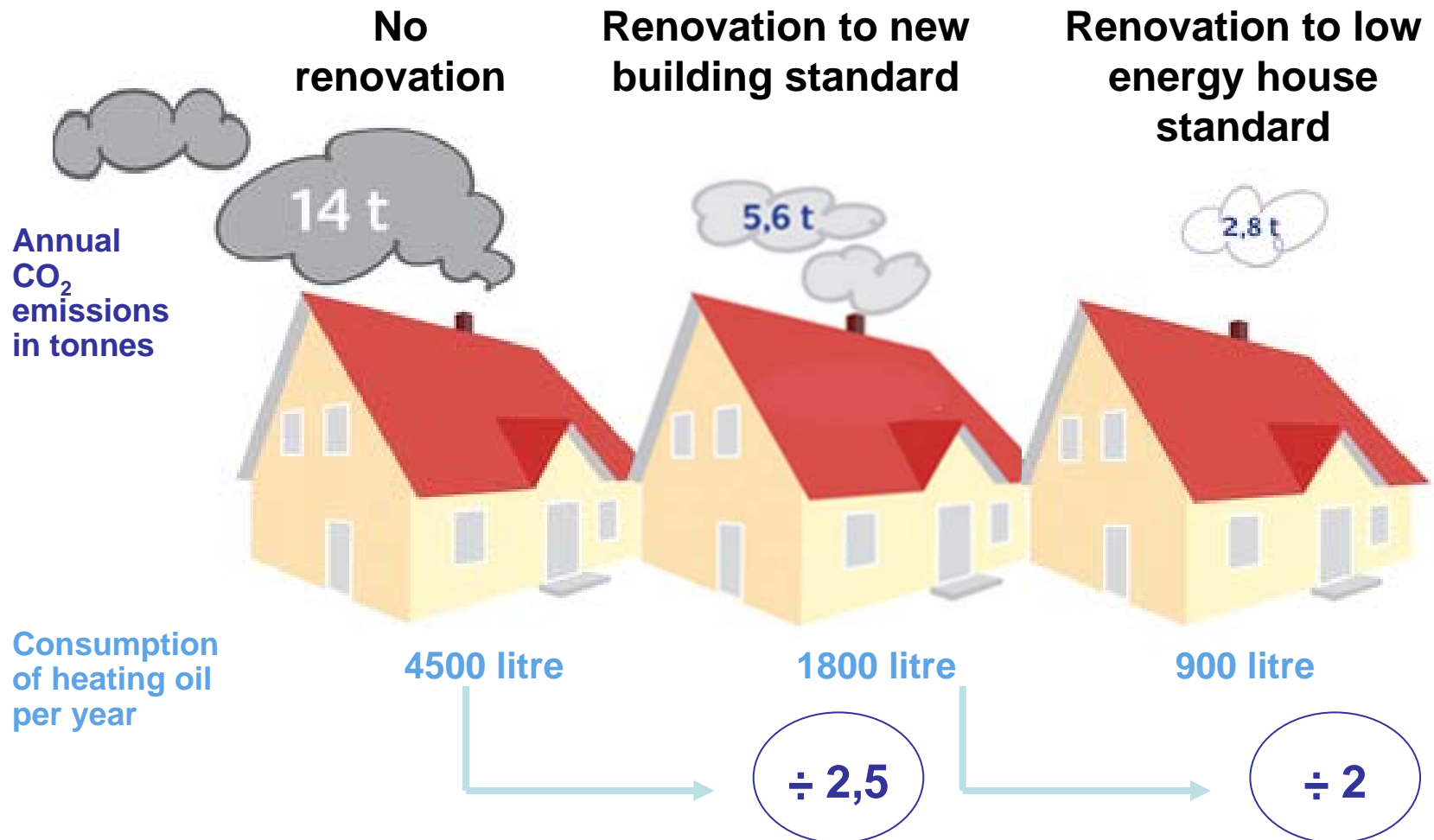
Commitment 3: Boost energy efficiency

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- Efficient energy use can help to:
 - cut Europe's annual energy bill by € 200 billion in 2020
 - cut consumers' annual bills by € 1000 per household
 - reduce CO2 emissions by about 740 million tonnes in 2020
 - help create up to 2 million jobs by 2020
- But we are not delivering:
 - only 10% savings by 2020 on current trends
 - large untapped potential in transport and building sectors
- The public sector should lead by example:
 - public buildings make up 12% of the EU building stock
 - set efficiency standards by 2012 both for new and renovated buildings

What improving energy efficiency means for a single family house built in the 70s (150 m²)

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Commitment 4: Greater coordination of EU external energy policy

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- EU = 20% of world energy use
- EU = largest global energy importer
- EU should:
 - integrate its Southern and Eastern neighbours in its energy market and strengthen cooperation with key suppliers
 - further diversify sources and routes, e.g. Southern Corridor (dedicated gas transport infrastructure)
 - make progress on a single European interface to negotiate purchase agreements with producing countries
 - establish an EU mutual information mechanism by 1 January 2012 to cover all agreements with third countries



EUROPE 2020